

**AMERICAN RECOVERY & REINVESTMENT ACT**

**OPENING STATEMENT  
HON. DAVID R. OBEY  
OF WISCONSIN  
IN THE HOUSE OF REPRESENTATIVES  
JANUARY 27, 2009**

Mr. Chairman, this country is facing what most economists, I believe, consider to be the most serious and the most



[&nbsp;Click here for video of this Floor Statement](#)

dangerous economic situation in our lifetimes, certainly going back to the early thirties.

If you take a look at what has happened in the country, late last year, former President

George Bush recognized that the world's credit markets were near a state of total collapse, and he asked this Congress to take unprecedented action in order to try to prevent that. Since that time, we've seen a continued unraveling of financial markets, we've seen a continued unraveling of the housing markets, and we've seen the most spectacular loss of consumer confidence in the modern history of this country. New claims for unemployment insurance last week hit 590,000. In the last 2 months alone, we've seen this country lose more than a million jobs.

Consumer purchasing power has evaporated. New home starts fell 15 percent in December, to the lowest number on record going back more than 50 years. And we've seen other evidence of panic in the marketplace and on Main Street.

Normally, when consumer purchasing power collapses, our government uses the tool of monetary policy in order to try to resurrect and reflate the economy. The problem is we've already shot that bullet. The Federal Reserve has taken phenomenal actions to try to stabilize the situation to very moderate effect. And now we're being asked to consider the other tool in our arsenal. We're being asked to use fiscal policy to expand consumer purchasing power to try and stop the slide. And that is what this proposal before us here today will try to do.

In most recessions, we're eventually led out of those recessions through the leadership of the housing sector and the automobile sector. This time around, both of those sectors are in shambles, and they're not likely to lead anybody out of anything. So that leaves us with very limited tools.

This package today that we are considering is an \$825 billion package that does a variety of things to try to reflate the economy. It, first of all, provides tax cuts--which Mr. *Rangel* will discuss--in order to try to put some money in people's pockets. We hope that that succeeds to a greater extent than the last round of tax rebates did.

Secondly, this package attempts to jump-start job creation through infrastructure investments in roads, bridges, sewers, water repair, modernizing our electric power grid and expanding broadband access so that all parts of the country have an opportunity to compete, with Internet access.

Third, this package attempts to help those who are most impacted by the recession, who are losing their jobs, their health insurance, and losing the ability to send their kids to college.

Fourth, this package attempts to modernize the economy--or at least to begin a long process of doing that--by accelerating the development of new technology through key investments in science and energy.

And last, it attempts, also, to save jobs by stabilizing State and local budgets. Because of the economic collapse and because of the collapse of revenue now forecast at the State and local level, States face the need to eliminate gargantuan deficits because they're required to balance their budgets. Without help from the Federal Government to stabilize their situation, they will be forced to impose major tax increases and devastating service cutbacks, which under these economic conditions would be hugely counterproductive. This package attempts to do all of those things.

Now, none of us can be certain about the degree of success that would flow from passage of this package.

But the fact is we are as close as we will ever see to being in the same position that Franklin Roosevelt was in in the thirties. And at that time he tried some things; some of the things he tried worked, some of them didn't, and so he moved on and tried other things.

There is no person on this floor who can guarantee the success of this package. Certainly, standing alone, this package will not succeed, because it is going to have to be accompanied by further actions to build confidence in the economy. It is going to have to be accompanied by new actions to prevent massive house foreclosures all across the country. We are going to probably have to have even further intervention in the financial markets of the country. And this package that we have here today, the spending portion of this package, may very well undershoot rather than overshoot the target that many economists have set out for us.

When President Bush came to office, I was divided in my judgment about whether I should support his first major new initiative, which was the No Child Left Behind education package. I had grave misgivings about that package, but in the end I supported it, largely because I thought that, as the incoming President, the President deserves to have the benefit of the

doubt. President Obama is in that same situation, only in far more dire straits. He has asked the Congress to pass an economic recovery package, and this bill today is attempting to do that.

He has asked us to provide a reasonable balance between tax cuts and spending increases to revive the ability of consumers to purchase the goods and services produced by this society. Unless someone has a clearly better idea, I think we have an obligation to support the President's proposal, at this point as the only game in town. The risks are enormous if we do not move ahead.

Everyone talks, for instance, about how disappointed they are with what the previous Bush administration did with respect to the package on Wall Street. I'm certainly extremely unhappy with some of the actions taken by Secretary Paulson.

I believe, nonetheless, that the President was right at the time in telling the Congress that if we did not take action, the results could have been catastrophic. I believe if we do not take action on this package today, the results can be similarly catastrophic. And with that, I urge Members to support the package.